



Testimony of Connie Ova, CEO
Jamestown/Stutsman County Development Corporation
HB 1425
February 2, 2021

Chairman Headland and members of the House Finance and Taxation Committee, I'm Connie Ova, CEO of the Jamestown/Stutsman Development Corporation. I stand before you in support of HB 1425, which creates an opportunity for diversification of the state's economy by providing a target allocation of 10 percent of the ND Legacy Fund to equity investments in economic development projects in the state of ND.

I have included with my testimony a copy of a statewide survey conducted last fall that reveals that the people of North Dakota overwhelmingly support investing the Legacy Fund within the state.

By a margin of 10-1 (79%-8%), voters want "a specific and greater portion" of the fund to be invested within North Dakota.

Overall, the survey calls for a major shift from the current policies governing the fund. Almost two in three voters want the legacy fund to be "more concerned about economic development projects and less concerned about getting a return on investment in things like stocks and bonds."

Moreover, by a 72%-12% margin, voters support the legacy fund "taking on additional risk" if it means "investing in North Dakota companies, opportunities and North Dakota economic development."

This ground-breaking research is clear. The people of North Dakota want the legacy fund invested in economic development projects in our own state. They want to see the fund used to grow and diversify our economy. They are less interested in traditional investments such as stocks and bonds. And they disagree strongly with the questionable investments being made outside our country.

The survey includes many other key findings including:

- By a nearly 8-1 margin (76% to 11%), voters say North Dakota investment advisors are more qualified than advisors outside the state to make decisions on behalf of the Legacy Fund. (Currently, the fund uses a San Francisco based consultant and over 20 Wall Street money managers who decide how to invest the fund. Voters overwhelming want that policy to change).
- By a 4-1 margin, voters want the Legacy Fund to "take on additional risk" with its investments if it means keeping the money in North Dakota for economic development opportunities.



- By a 78% to 10% margin, the voters support the recent proposal to invest a fixed 10% of the Legacy Fund principal in North Dakota. However, 4 in 10 voters are willing to allocate over 60% of the fund to be invested in the state.
- 63% of voters disapprove of even a small portion (20%) of the Legacy Fund being invested internationally. Nearly half of all voters strongly disapprove of these international investments.
- Most voters rank certificates of deposit (CDs) low on the scale of how they would allocate investments of the Legacy Fund.

It's not a close call. The voters want dramatic changes made to the policies of the State Investment Board when it comes to investing the principal of the Legacy Fund. The people want the fund invested to grow and diversify our own economy, not the economies of other states or countries.

This survey could also lay the groundwork for a statewide ballot initiative in 2022 when the voters could add the words "within the state" to clarify the current constitutional language. That simple change would require the State Investment Board to invest 100% of the Legacy Fund within North Dakota.

Finally, I want to share with you this glaring irony - the kind of irony that proponents of a ballot initiative would obviously point out. This bill (HB 1425) is already being implemented by the state investment board — just in Africa instead of North Dakota.

The Legacy Fund invests a portion of its principal in the African Development Bank. The African Development Bank does exactly what is mentioned in Section 4 (3)(b). It makes investments in emerging or expanding companies in AFRICA.

So, if anyone has a problem with investing some principal of the legacy fund in North Dakota entities, please explain why you haven't had a problem doing that in Africa.

Let me repeat. We are already implementing HB 1425 in Africa and, actually, all around the world. When are we going to start doing that in North Dakota?

JSDC understands the responsibility you have to help determine the state's future and we appreciate the thoughtfulness you have put into managing this responsibility. Please consider how programs and resources support the communities in the entire state as you make these decisions.

I urge the committee's support of HB 1425.